

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-09 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14 USIA-12

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 IO-12 RSR-01 /155 W
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R 271211 Z MAR 73

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 1849

C O N F I D E N T I A L BANGKOK 4898

E. O. 11652: GDS

TAGS: ELAB, EGEN

SUBJ: ALIEN BUSINESS DECREE

REF: A. BANGKOK 4713; B. BANGKOK A-49; C. BANGKOK 3254

1. IN MEETING WITH MINISTER OF COMMERCE PRASIT KANCHANAWAT MARCH 26, I RAISED SUBJECT OF ALIEN BUSINESS DECREE (ABD), STATING OUR INTEREST IS TWO- FOLD: IN ADVERSE EFFECT IT AND ALIEN OCCUPATION DECREE MIGHT HAVE ON PRIVATE INVESTMENT CLIMATE AND THUS THAI ECONOMIC DEVELOPMENT, AND IN MAKING SURE AMERICAN COMPANIES WILL RECEIVE FULL PROTECTION OF AER TREATY. WITH RESPECT FORMER, I NOTED THAT DOUBT AND UNCERTAINTY IN BUSINESS COMMUNITY COULD ONLY DISCOURAGE INVESTMENT. ON TREATMENT OF US BUSINESS FIRMS, I MENTIONED SPECIFICALLY POST- AER TREATMENT, INCLUDING LEGAL RAMIFICATIONS OF FORCED DIVESTITURE OF CAPITAL EQUITY, DIFFICULTIES EXPERIENCED BY SOME AMERICAN COMPANIES IN GETTING REGISTRATION APPLICATIONS ACCEPTED, AND AMBIGUITIES ON DEFINITION OF AMERICAN COMPANY. I ALSO LEFT AIDE MEMVRE COVERING THESE POINTS, AS WELL AS COPY OF EMBASSY NOTE 222 GIVEN TO MFA ON FEB. 22 (REF B).

2. IN ENSUING DISCUSSION WITH PRASIT AND OTHER MINISTRY
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OFFICIALS PRESENT, IT BECAME CLEAR THAT MANY OF THESE ISSUES STILL CLOUDY, WITH APPARENT INABILITY OF COMMERCE MINISTRY AND MFA TO AGREE ON SUCH MATTERS AS PRECEDENCE IN- DICATION MISSION WAS NOT AWARE WHETHER MCQUILLAN HAD APPROACHED AALC OR VICE VERSA, AND SUGGESTED IF DIALLO INTERESTED HE MIGHT TRY SEE FUNK ON THIS MATTER AS WELL AS TO INQUIRE OF FUNK AS TO AALC/ USAID RELATIONSHIPS WHICH AS AID/ W AWARE WE THINK SHOULD SERVE AS SUITABLE PATTERN FOR OIC/ USAID RELATIONSHIPS. IN CONNECTION WITH DEPARTURE MCQUILLAN WE ALSO SUGGESTED QUESTION OF WHETHER JENNINGS TO BE SENIOR OICI MAN WAS ONE FOR DETERMINATION BASICALLY BY OICE. DIALLO DID NOT COMMENT.

C. DIALLO RAISED MATTER OF MISSION RELATIONS WITH OIC, (1) HE INDICATED AT OUTSET HE FELT USAID/ E HAD NEVER BEEN ENTHUSIASTIC SUPPORTER AND EXPRESSED HOPE THAT GOOD RELATIONS WOULD EXIST AND THAT USAID WOULD GIVE SUPPORT TO OIC. MISSION REPLIED INDICATING OIC WOULD HAVE FULL USAID SUPPORT, BUT OICI SHOULD RECOGNIZE IT HAD TO EARN ETHIOPIAN RESPECT SINCE RECORD TO DATE WAS ABOUT ZERO. ALSO INDICATED SPECIAL BURDEN RESTED ON SHOULDERS OICI TO " JUSTIFY " BY RESULTS EXPENDITURE SCARCE AID FUNDS AT TIME WHEN PRIORITY IEG REQUIREMENTS WERE BEING SHUNTED ASIDE. INDICATED NEED FOR STABILITY OF STAFF AND PROGRESS IN PROGRAM OVER PERIOD NEXT 12-15 MONTHS IF OICI CONCEPT WAS TO BE ACCEPTED IN ETHIOPIA IN VIEW OF SKEPTICISM NOW EXTANT. INDICATED, HOWEVER, THAT OICI HAD TREMENDOUS ASSET IN DETERMINATION DR. SALASHE AND OTHER ETHIOPIANS MAKE OICE A VIABLE ENTITY. (2) IN CLARIFYING MISSION ROLE WE INDICATED CLEAR UNDERSTANDING THAT USAID WOULD BE SUPPORTIVE OF OICE, THAT MISSION ENJOYED GOOD RELATIONS WITH SELASHE, AND HAD WORKED CLOSELY WITH MCQUILLAN. (3) QUESTION OF DIRECT MISSION INVOLVEMENT IN OIC ADMINISTRATION AND OTHER ASPECTS OF MANAGEMENT, WE STATED, WAS STILL UNDER DISCUSSION, TO THE BEST OF OUR KNOWLEDGE. DIALLO THEN PROVIDED COPY MARCH 20 KNOLL/ DIALLO LETTER WHICH APPEARS PROVIDE TO CONSIDERABLE DEGREE DEFINITIVE AID/ W GUIDANCE ON SUBJECT WHICH WAS DEALT WITH IN REF (A) IN RESPONSE EARLIER AID/ W REQUEST FOR MISSION COMMENT. WE STATED FRANKLY TO DIALLO WE DOUBTED WISDOM OF USAID BEING VESTED WITH RESPONSIBILITY OF LOOKING OVER OICI' S SHOULDER; MONITORSHIP WOULD INCLUDE END- USE COMMODITY CHECKS, AND SO FORTH. DIALLO INDICATED OICI WOULD WORK WITHIN ANY SYSTEM AID DESIRED IN TERMS OF REPORTING, BUT PREFERRED ARRANGEMENTS WHICH HE REFERRED TO AS " WEST AFRICAN PATTERN." (4) WE SUGGESTED QUESTION OF MISSION ROLE MIGHT BE USE- UNCLASSIFIED

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FULLY CANVASSED WITH JAMES. (5) SAID IN CONCLUSION THAT IF MISSION WAS ASSIGNED RESPONSIBILITY FOR MONITORING WE WOULD

NEED FULFILL REQUIREMENTS OF AID DIRECTIVES, OBVIOUSLY HAVING IN MIND PRIVATE NATURE OF OIC RELATIONSHIPS. (6) WE BELIEVE BOTH MISSION AND OICI VIEWS, AS EXPRESSED BY DIALLO, ARE COINCIDENT IN REGARD LIMITATION OF ROLE MISSION SHOULD PLAY IN MONITORING. (JENNINGS FEELS STRONGLY THAT HIS RELATIONS WITH SELASHE WOULD BE DENIGRATED IF USAID INTRUDED ITS NOSE IN OICI/ OICE RELATIONSHIP THROUGH FUNDS MANGEMENT, TRAVEL APPROVALS, COMMODITY END-USE CHECKS, REVIEW/ APPROVAL OF WORK PLANS, PIPS, AND SO FORTH.) DIALLO SUGGESTED, AND WE AGREED, THAT PERHAPS QUARTERLY REVIEWS BASED ON REGULAR OICI REPORTS WOULD SERVE EVERYONE' S PURPOSE FOR AID MONITORSHIP NEEDS AND AT SAME TIME PROVIDE FOR USAID TO CONTRIBUTE TO EXTENT ITS ABILITIES TO SOLUTION ANTICIPATED PROBLEMS THWARTING GROWTH OF OICE.

4. FYI: FIRST CLASS IN COMMERCIAL BANKING STARTED MARCH 19.
END FYI.

5. WE WILL AWAIT REACTION/ INSTRUCTIONS ON MISSION MONITORING
ROLE.
ADAIR

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